

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 22-10943-mew

4 - - - - - x

5 In the Matter of:

6

7 VOYAGER DIGITAL HOLDINGS, INC.,

8

9 Debtor.

10 - - - - - x

11

12 United States Bankruptcy Court

13 One Bowling Green

14 New York, NY 10004

15

16 August 16, 2022

17 11:03 AM

18

19

20

21 B E F O R E :

22 HON MICHAEL E. WILES

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: UNKNOWN

1 HEARING re Application to employ Moelis & Company LLC as
2 investment banker, capital markets advisor, and financial
3 advisor effective as of the petition date
4

5 HEARING re Application to employ Berkeley Research Group,
6 LLC as financial advisor effective as of July 5, 2022
7

8 HEARING re Motion approving the share purchase agreement by
9 and among Voyager European Holdings ApS and Ascension ApS
10 and related documents, authorizing the private sale of
11 equity interests in coinify ApS, and granting related relief
12

13 HEARING re Motion approving the Debtors key employee
14 retention plan and granting related relief
15 Adjourned Reset for 08/24/2022 at 10:00 am
16

17 HEARING re Cross-motion to honor Levitt's withdrawal request
18 and grant related relief Objection filed
19 Adjourned Reset for 09/13/2022 at 11:00 am
20

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22

23

24

25 Transcribed by: Sonya Ledanski Hyde

1 A P P E A R A N C E S :

2

3 KIRKLAND & ELLIS LLP

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5 601 Lexington Avenue

6 New York, NY 10022

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8 BY: ALLYSON SMITH

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10 MCDERMOTT WILL & EMERY LLP

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12 340 Madison Avenue

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14

15 BY: DARREN AZMAN

16

17 ALSO PRESENT TELEPHONICALLY:

18 PATRICK HOLOHAN

19 ANDREW DIETDERICH

20 ANGELA HERRING

21 AMY WOLF

22 BRIAN GLUECKSTEIN

23 JESSICA LJUSTINA

24 ZACHARY RUSSELL

25 LETICIA SANCHEZ

1 JASON DIBATTISTA
2 MIKE LEGGE
3 JUEWETT BOSTICK
4 ROBERT HONEYWELL
5 ERIC PULLEN
6 CAITLIN MCINTYRE
7 JEREMY HILL
8 JARED DERMONT
9 STEPHEN EHRLICH
10 SUSAN GOLDEN
11 TRACY HENDERSHOTT
12 RICHARD HOWELL
13 CHRISTOPHER MARCUS
14 CHRISTINE OKIKE
15 MARK RENZI
16 KATHERINE SCHERLING
17 JOSHUA SUSSBERG
18 JOHN WEISS VLADIMIR JELISAVCIC
19 YUN FANG
20 BRIAN MASUMOTO
21 GREGG STEINMAN
22 GRAYSON WILLIAMS
23
24
25

1 P R O C E E D I N G S

2 THE COURT: Good morning, everybody. Parties
3 ready on the Voyager matter?

4 MS. SMITH: Yes, Your Honor.

5 THE COURT: Okay --

6 MS. SMITH: Good morning, Your Honor -- oh, I'm
7 sorry.

8 THE COURT: No, go ahead.

9 MS. SMITH: Good morning, Your Honor. For the
10 record, Allyson Smith from Kirkland and Ellis, counsel to
11 the Debtors. Can you hear me okay?

12 THE COURT: I can, yes.

13 MS. SMITH: Perfect. Thank you. There are only a
14 few items on the agenda for today, each of which is
15 uncontested so we anticipate that today's hearing should be
16 pretty smooth sailing and if okay with Your Honor, we
17 propose starting with the outstanding retention
18 applications.

19 THE COURT: Okay.

20 MS. SMITH: BRG's retention order is at Agenda
21 Item No. 2. The Debtors are seeking to retain BRG as their
22 financial advisor. A revised proposed order was filed at
23 Docket No. 277. There were three declarations from Mr. Mark
24 Renzi filed in support of the application. Those are at
25 Docket Nos. 115, 167, and 278. Unless the Court has any

1 questions, we'd ask that each declaration be submitted into
2 evidence.

3 THE COURT: Are there any objections to the
4 submissions of the declarations into evidence? Anybody
5 desire to cross examine the declarant? All right, they're
6 admitted.

7 MS. SMITH: Thank you. The revised order reflects
8 comments received from the U.S. Trustee and Committee. No
9 formal objections were received and unless any questions,
10 we'd ask that the proposed order be entered.

11 THE COURT: Are there any further comments on that
12 one? All right. I've looked at that order. That one's
13 fine.

14 MS. SMITH: Great. Thank you, Your Honor. Moving
15 next to the Moelis retention order which is Agenda Item 3, a
16 revised proposed order was filed at Docket No. 290. Two
17 declarations from Mr. Jared Dermont were filed in support of
18 the application at Docket Nos. 117 and 214, and unless any
19 questions, we'd ask that both of those declarations also be
20 submitted into evidence.

21 THE COURT: Any objections? Anyone desire to
22 cross examine the declarant? All right, those declarations
23 are admitted.

24 MS. SMITH: Thank you. The revised order reflects
25 additional changes to reach resolution with the Trustee, the

1 Committee, each of which has signed off on this version and
2 it also includes language at the request of the SEC.
3 Additionally, Moelis is not seeking approval of the
4 capitalization transaction fee at this time, but is
5 reserving the right to do so at a later date, should it
6 become applicable. No formal objections were received and
7 we respectfully ask that this order be entered.

8 THE COURT: Are there any further comments on this
9 one? All right. I think I see how this has addressed some
10 of the issues that I raised and as I understand it, there
11 can't be more than one restructuring fee or sale fee. That
12 \$11 million is therefore kind of the cap. I had raised
13 concerns about some of the language and I see the sale has
14 now been redefined to include a sale of substantially all or
15 all of the assets.

16 There's a new provision for credit for the
17 expenses of a third party who handles a crypto liquidation.
18 Could you explain that to me and what's the origin of that?

19 MS. SMITH: Should this result in a liquidation of
20 the Debtors' assets, it's likely that we would need to
21 liquidate the cryptocurrency, so it's mean to account for
22 that.

23 MR. AZMAN: Your Honor, it's Darren Azman for the
24 Committee. I can shed a little bit more light on that.
25 This was a concern that we had raised. If the Debtor for

1 some reason decides to liquidate cryptocurrency, which to be
2 clear, is not what we anticipate happening, but if it
3 happens, in order to move that much crypto, you typically
4 need to work with a third party broker to do that. You
5 can't just go on, you know, a large exchange like Coinbase
6 and sell that much cryptocurrency at once.

7 Those brokers typically charge additional fees and
8 so we thought it was important that if Moelis was taking a
9 fee and the Debtor was also paying a third party broker an
10 additional fee, that some portion of that should be credited
11 against Moelis' fees, and that's what that provision
12 accomplishes.

13 THE COURT: Okay. Anybody have any objections to
14 that? All right. I had just a couple small little minor
15 comments. The order says that expense reimbursements are
16 approved under 328(a). We don't ever do that. We approve
17 expenses under 330. It's the fees that we approve under
18 328(a).

19 MS. SMITH: We will correct that.

20 THE COURT: It doesn't say that -- it needs to say
21 that the expense reimbursements are subject to the
22 applicable guidelines and the provision about applying the
23 retainer, it says that they -- it can be applied to any
24 unbilled expenses. It should more clearly say it can be
25 applied to unbilled prepetition expenses. Okay.

1 MS. SMITH: Thank you, Your Honor. We'll make
2 those corrections.

3 THE COURT: All right. Other than that, I'm fine
4 with the Moelis order.

5 MS. SMITH: Thank you. We'll submit a revised
6 proposed order to your chambers.

7 THE COURT: Thank you.

8 MS. SMITH: Then last on today's agenda is the
9 Coinify sale motion or the share purchase agreement sale
10 motion that was filed at Docket No. 72 and the Debtors filed
11 the motion seeking to enter into the share purchase
12 agreement for the sale of the equity interests in the
13 Coinify business, by and between Voyager European Holdings
14 an indirect wholly owned subsidiary of the Debtors and
15 Ascension, the buyer.

16 The proposed agreement was attached as Exhibit 1
17 to the proposed order. In support of the sale motion, the
18 Debtors filed declarations from each of Mr. Jared Dermont
19 and Mr. Steve Ehrlich at Docket Nos. 291 and 292
20 respectively. Unless any questions, we ask that each
21 declaration be submitted into evidence.

22 THE COURT: Any objections? Does anyone wish to
23 cross examine the declarants? All right. The declarations
24 are in evidence.

25 MS. SMITH: Thank you, Your Honor. I'm happy to

1 get into specific details or provide a little bit of
2 background, but as I mentioned, the motion is uncontested
3 and no objections, formal or informal, were received, and we
4 otherwise ask that the motion be approved.

5 THE COURT: I've read the motion. Are there any
6 other objections or comments anyone wishes to make? All
7 right. I have one question. As I understand it, the --
8 just to confirm, the actual seller here is not a debtor,
9 correct?

10 MS. SMITH: That's correct, but they are an
11 indirect fully owned subsidiary of Debtor Voyager Digital
12 Limited and so the benefit of the sale ultimately does go to
13 the Debtors.

14 THE COURT: I understand. I understand the theory
15 of the motion which is the entity that's a Debtor has
16 control, directly or indirectly, of this and is using that
17 control and wants permission to use that control to either
18 direct or allow this transaction to happen. I understand
19 that. But the proposed order has a lot of provisions that I
20 would usually see where the Debtor itself is the entity
21 that's selling its assets about 363(m) protections, 525
22 protections, directions to authorities to accept filings
23 that are made.

24 The Debtors here are not actually the sellers, so
25 essentially what I'm being asked to do is to authorize the

1 Debtors to direct and allow this sale to occur at the
2 subsidiary level. Why shouldn't my -- why should my order
3 say anything other than that?

4 MS. SMITH: That's a fair point, Your Honor. We
5 can certainly revise and make clear that that is what is
6 being approved here.

7 THE COURT: Okay. All right. Yeah, I'm not so
8 comfortable treating it or entering an order that
9 essentially would treat the seller as if it were a debtor
10 here, because it's not. So I appreciate that change.

11 MS. SMITH: Certainly, Your Honor.

12 THE COURT: All right. Does -- subject to that
13 change, I'll approve the motion. Are there any other
14 matters for today?

15 MS. SMITH: No. That was it. We can keep it
16 short and give you back your morning.

17 THE COURT: All right. Okay, then if there's
18 nothing else, we are adjourned. Thank you.

19 MS. SMITH: Thank you, Your Honor.

20 (Whereupon these proceedings were concluded at
21 11:12 AM)

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25

I N D E X

RULINGS

Page Line

Retention of Berkeley Research Group,

approved

6

12

Retention of Moelis & Company, approved

9

3

Share purchase agreement, approved

11

13

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing
transcript is a true and accurate record of the proceedings.



Sonya Ledanski Hyde

Veritext Legal Solutions

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Date: August 17, 2022

[& - certified]

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[three - zachary]

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